

MEDICARE PAYMENT ADVISORY COMMISSION

PUBLIC MEETING

Ronald Reagan Building  
International Trade Center  
Horizon Ballroom  
1300 13th Street, N.W.  
Washington, D.C.

Thursday, October 28, 2004  
9:32 a.m.

COMMISSIONERS PRESENT:

GLENN M. HACKBARTH, Chair  
ROBERT D. REISCHAUER, Ph.D., Vice Chair  
JOHN M. BERTKO  
SHEILA P. BURKE  
FRANCIS J. CROSSON, M.D.  
AUTRY O.V. "PETE" DeBUSK  
NANCY-ANN DePARLE  
DAVID F. DURENBERGER  
ARNOLD MILSTEIN, M.D.  
RALPH W. MULLER  
CAROL RAPHAEL  
WILLIAM J. SCANLON, Ph.D.  
DAVID A. SMITH  
RAY E. STOWERS, D.O.  
MARY K. WAKEFIELD, Ph.D.  
NICHOLAS J. WOLTER, M.D.

**AGENDA ITEM:**

**Mandated report on practice expense**

**-- Nancy Ray, Cristina Boccuti**

MS. RAY: Good afternoon. Recall last month Cristina and I presented results from our MMA mandated study. The Congress in the MMA asked us to examine the effect of implementing resource-based practice expense payments on several factors that are listed on the slide, RVUs and payment rates, access to care, and physicians' willingness to care for beneficiaries. This study is due to the Congress on December 8 of this year.

The draft report was included in your mailing materials and the results in this report, the tables and the figures are nearly identical to what was included in the draft report that you reviewed for the September meeting. So Cristina and I are here to get any final comments that you may have about the report.

To briefly review our findings, our analysis shows that the transition did, as expected, result in some redistribution of practice expense RVUs and payments across specialty types and types of services. This is what the 1998 CMS impact analysis predicted. Our analysis of data also suggests that changes in volume do not seem to be related to changes in the payment rate. Cristina presented evidence last month from two national surveys and our review of access to care from these surveys suggest that during the transition period beneficiaries were not facing systematic problems in obtaining, even for specialties experiencing the largest decline in practice expense RVUs and payments due to the transition.

Finally, we looked at assignment rates and they remained high and relatively unchanged during the transition, even for specialties experiencing the largest decline in practice expense RVUs due to the transition.

The draft report concludes with a MedPAC workplan outlining topics that we might consider taking on in the future. We focused on two issues, updating the data and updating the methods used to calculate practice expenses.

Here I just want to spend a moment talking about the data sources used to derive the practice expense RVUs and issues concerning updating them. With respect to the SMS survey, those survey data were collected from 1995 to 1999. We did consult with the AMA and they have no plans at this time to update the SMS data. So we laid out some issues in the draft report concerning trying to update this data source as well as trying to update the allocation data, the CPEP data.

That concludes our presentation and we would be happy to take any final comments you have on this study.

MR. HACKBARTH: Any questions, comments? We discussed this at some length last time. So going once, twice.

Thank you.

The next item on the agenda is the thoracic surgeon practice expense mandated report. For those of you in the audience,

you'll see also listed for this agenda item is the certified registered nurse first assistant study. In the interest of time, we're not going to take that up again today. We discussed it at great length last time. It will be on the agenda at our November meeting for the final discussion, but we're a little pressed for time today to go into it.

So thoracic surgeons' practice expense.